

# Medlearn Matters

## Information for Medicare Providers



Related Change Request (CR) #: 3114

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Effective Date: July 1, 2004

Implementation Date: July 6, 2004

### *MMA-Changes to Rules for Receiving Optional Payment Method for Outpatient Services*

**Note:** This article was re-issued on January 17, 2006, to reflect the new Web addresses as shown on the new CMS website.

#### Providers Affected

Physicians/Practitioners and Critical Access Hospitals (CAH).

#### Provider Action Needed

##### **STOP – Impact to You**

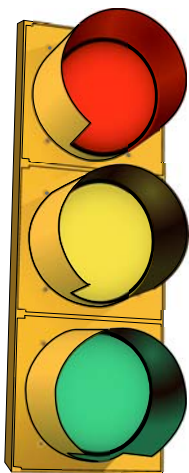
The Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003 has modified the requirements for a CAH to receive payment for outpatient services under the Optional Payment Method.

##### **CAUTION – What You Need to Know**

Understand the new requirements and their effective dates. The MMA changes the rules so the law does not require **all** physicians/practitioners to agree to reassign their billing rights to the CAH for outpatient services performed at the CAH in order for the CAH to select the optional payment method. This allows the CAH to receive payment for physician services at 115% of the Medicare fee schedule for such services. If a CAH elected the optional payment method before November 1, 2003, the effective date of this change is retroactive to July 1, 2001. If the election was made on or after November 1, 2003, then this rule is effective on July 1, 2004.

##### **GO – What You Need to Do**

CAHs need to understand the new rule and decide which payment method to select. (For more information on the optional payment method and the standard payment methods, please see the article MM3051, which can be retrieved at <http://www.cms.hhs.gov/MedlearnMattersArticles/downloads/MM3051.pdf> on the CMS web site. Once the payment selection is made, the CAH must assure that physicians/practitioners are aware of the selection and act accordingly. In addition, CAHs must ensure that billing staffs are aware of any changes required as a result in any change of the selected payment methodology.



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## Background

MMA changed the provision that required CAHs to have all of their physician/professional practitioners, who rendered outpatient services at their hospitals, reassign their billing rights to the CAH. Specifically, the MMA prohibits CMS from requiring that all physician/professional practitioners in a CAH reassign their billing rights to the CAH as a condition for electing the optional payment option (Method 2).

This provision allows practitioners (**all licensed professionals who otherwise would be entitled to bill the carrier under Part B**) who render outpatient services in a CAH's outpatient department to choose whether they want to reassign their billing rights to the CAH, or file their own claims through their Medicare carrier.

If the CAH elected the optional method before November 1, 2003, the provision is effective beginning on or after July 1, 2001. If the CAH elected the optional method on or after November 1, 2003, the provision is effective July 1, 2004. Whichever method the CAH chose remains in effect for that entire cost reporting period.

Be aware that, with this change, CAHs will receive 115% of whatever Medicare would pay of the professional fee schedule for **only** those physicians/professional practitioners who reassign their billing rights to the CAH.

Also, CMS requires that the CAH fully document the fact that a practitioner elects to reassign their billing rights to the hospital. For those practitioners who elect to reassign their billing rights to the CAH, the hospital must have a copy of the 855I, which the individual practitioner must certify. The CAH must also have each practitioner sign an attestation that clearly states that they will not bill the carrier for any services rendered at the CAH once the reassignment has been given to the CAH.

## Important Dates to Know

EFFECTIVE DATE: July 1, 2004 for CAHs selecting the optional payment method on or after November 1, 2003; for those CAHs who selected the optional method prior to November 1, the effective date is retroactive to July 1, 2001.

IMPLEMENTATION DATE: July 6, 2004.

## Related Instructions

For more detailed information on the two payment methods available, please refer to Chapter 4 of the *Medicare Claims Processing Manual* (Pub 100-04) Sections 250.1 and 250.2. This manual may be found at <http://www.cms.hhs.gov/Manuals/IOM/list.asp#TopOfPage> on the CMS web site. Once at the site of Publication 100-04, scroll down to Chapter 4 and select the version you wish to receive.

The official instruction issued to your carrier or fiscal intermediary regarding this change may be found at: <http://www.cms.hhs.gov/Transmittals/downloads/R103CP.pdf> on the CMS web site.

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